

Dentons Flashpoint

Daily Global Situation Report

July 7, 2022

Global Situation Update: July 7, 2022

KEY TAKEAWAYS

Scandal-ridden
UK Prime Minister
Johnson resign today.

A global “*cost-of-living crisis*” that has driven 71 million people into poverty just since March, per the UNDP.

US and UK warn that China’s industrial espionage poses a growing threat through shell companies and SPACs.

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WHAT WE'RE WATCHING

Foreign ministers of G20 countries will meet on the resort island of Bali, Indonesia in the first such meeting since the war in Ukraine began. Russian Foreign Minister Sergei Lavrov will be an attendance, as will representatives of several G20 Western countries that have accused Russia of war crimes in Ukraine.

In public statements, the Germany foreign ministry spokesman has said that the summit would not be "*business as usual*," and US Secretary of State Antony Blinken has made similar comments. Indonesian President Joko Widodo has attempted to mediate, offering Indonesia as a "*diplomatic bridge*." Food and energy security concerns will likely feature prominently at the meeting, but tensions between Russia and Western attendees could impeded meaningful progress on those issues.



Note: This report is based on sources and information deemed to be true and reliable, but Dentons makes no representations to same.

Global

The head of the International Monetary Fund assessed the outlook for the global economy has "*darkened significantly*" since April, and she could not rule out a possible global recession next year given the elevated risks.

- **World hunger** levels rose again last year after soaring in 2020 due to the COVID-19 pandemic, with the Ukraine war and climate change threatening starvation and mass migration on an "*unprecedented scale*" this year, according to a new UN report. Up to 828 million people, or nearly 10 percent of the world's population, were affected by hunger last year. A global "cost-of-living crisis" has driven 71 million people into poverty just since March, per the UN Development Program.
- More than 6,000 cases of **monkeypox** have now been reported from 58 countries in the current outbreak, about 80 percent of which are in Europe, per the WHO. The UN agency will reconvene a meeting of the committee that will advise on declaring the outbreak a global health emergency, the WHO's highest level of alert, in the week beginning July 18 or sooner.
- Tens of millions of unused **COVID-19 vaccine** doses are being discarded amid sagging demand, a sharp reversal from the early days of the mass-vaccination campaign, when doses were scarce.

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Markets & Business

The International Energy Agency is urging countries to expand manufacturing of solar panels from their current concentrated base in China to ensure secure supply and meet targets for cutting planet-warming carbon emissions.

- The US Food and Drug Administration has put on hold its ban on sales of **Juul Labs Inc's** e-cigarettes, while completing an additional review of **the company's marketing application.**
- **British Airways** is to cut another 10,300 flights over the next four months, the latest in the thousands of cancellations that have caused widespread disruption in aviation this summer.
- China's **Xiaomi Corp** produced its first batch of smartphones in Vietnam, as it seeks to expand its foothold in Southeast Asia.
- British bank **NatWest** has joined rivals in handing out an unscheduled pay boost to staff to help shield them from soaring price rises.

Environment, Sustainability & Governance

The European Parliament voted in favor of EU rules labelling investments in gas and nuclear power plants as climate-friendly, paving the way for the proposal to become law.

- Blackstone Inc. investing \$400 million in Xpansiv Ltd., a platform that lets investors trade assets tied to the **energy transition** such as carbon offsets and renewable-energy credits.
- The African Development Bank is seeking a new type of special drawing rights (SDRs) from the International Monetary Fund that would be channeled to "**climate resilience**."
- The British government said that plans to bolster the country's energy security, **diversify away from fossil fuels** and protect consumers from spiraling prices are set to become law.

Africa

- Over 600 inmates escaped a prison in **Nigeria's** capital of Abuja in a mass prison break claimed by the Islamic State; since then, about half have been found or turned themselves in.
- **Sudanese** junta leader General Burhan dismissed the last civilian members of his government as part of a move proposed by him to “*make room*” for civilian leaders to form a transitional government, prompting protests once again in Khartoum.
- Former **Burkina Faso** president Campoare is set to return to the country for the first time since he fled during a 2014 uprising this week for a brief meeting as part of a reconciliation process, despite his conviction in absentia earlier this year for complicity in his predecessor's murder.
- **Democratic Republic of Congo's** President Tshisekedi and his **Rwandan** counterpart Kagame agreed at a summit in Angola to de-escalate tensions from the M23 rebel insurgency, which the Congo has accused Rwanda of backing.



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How do You Manage Incident Response?

2022 has already seen business disrupted by extreme weather, ransomware attack, the ongoing pandemic and more. The common refrain “It’s not if, but when” rings truer than ever for disruptive incidents that will impact business as usual.

Working with Dentons, you can effectively develop an organizational incident-behavior adopted by all your team members. Dentons will help you build muscle memory through tabletop exercises, which are crafted to fit the business strategy of every client.

Our team plays events and incidents of different severities and complexities and accounts for real-world factors such as inconclusive evidence, mistakes by responders, and the business impact of eradication steps. Our tech-savvy lawyers continuously revise the playbooks per the evolving sector-specific threat landscape.

Dentons tabletop sessions are fluid, and designed to enhance preparedness with services, including:

- ❖ Ransomware tabletop exercises
- ❖ Post-tabletop action reports
- ❖ Maturity assessments for preparedness
- ❖ Supply-chain attack simulation
- ❖ Comprehensive incident response plan
- ❖ Threat analysis and monitoring

All interaction with Dentons is attorney-client privileged

To learn more about the bespoke intelligence and risk services from Dentons, contact [Karl Hopkins](#).

Asia

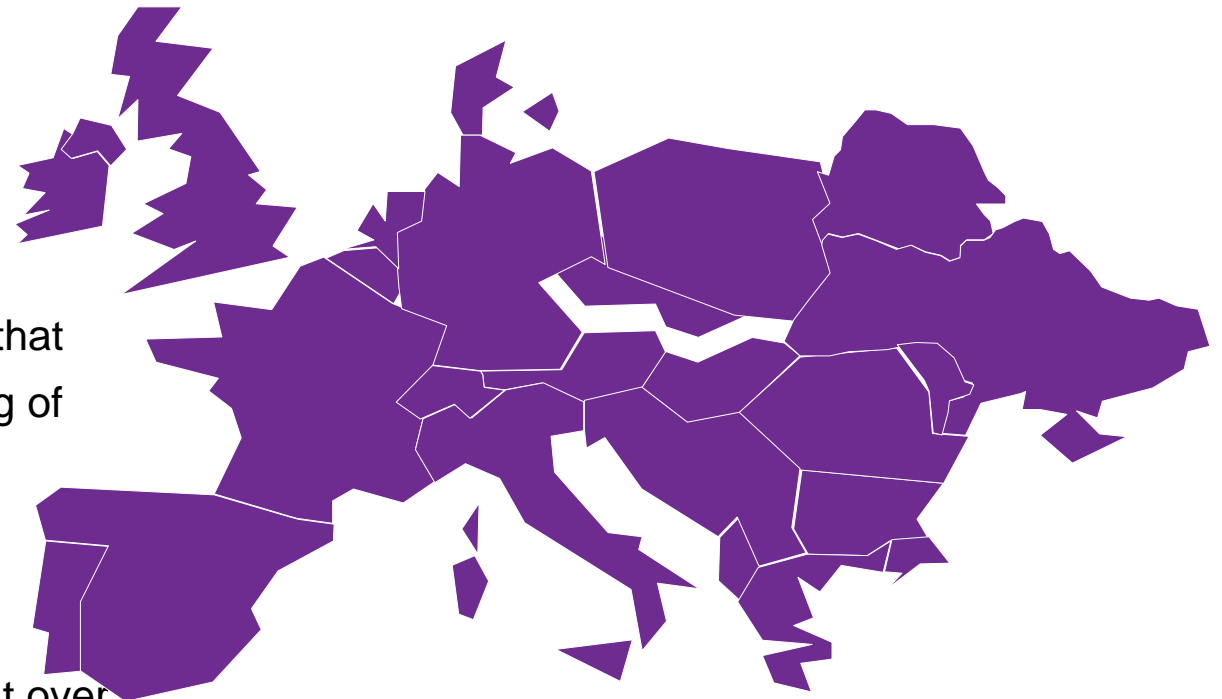
- **China's** Beijing city authorities mandated COVID-19 vaccinations for most people to enter crowded venues such as libraries, cinemas and gyms, the first such move by Beijing which it coupled with a slight easing of domestic travel curbs.
- **Australia** is expanding the availability of the fourth dose of COVID-19 vaccines from next week as it battles a steady rise in hospital admissions fueled by the highly transmissible new Omicron subvariants, BA.4 and BA.5.
- In his first meeting with **Philippine** President Marcos Jr. in Manila yesterday, **Chinese** Foreign Minister Wang Yi urged against letting South China Sea disputes strain ties.
- US FBI and UK MI5 chiefs warned that **China's** industrial espionage poses a growing threat to western groups, including through special purpose acquisition companies. FBI director Christopher Wray said Beijing was using “*elaborate shell games*” to disguise its spying and was even taking advantage of SPACs.



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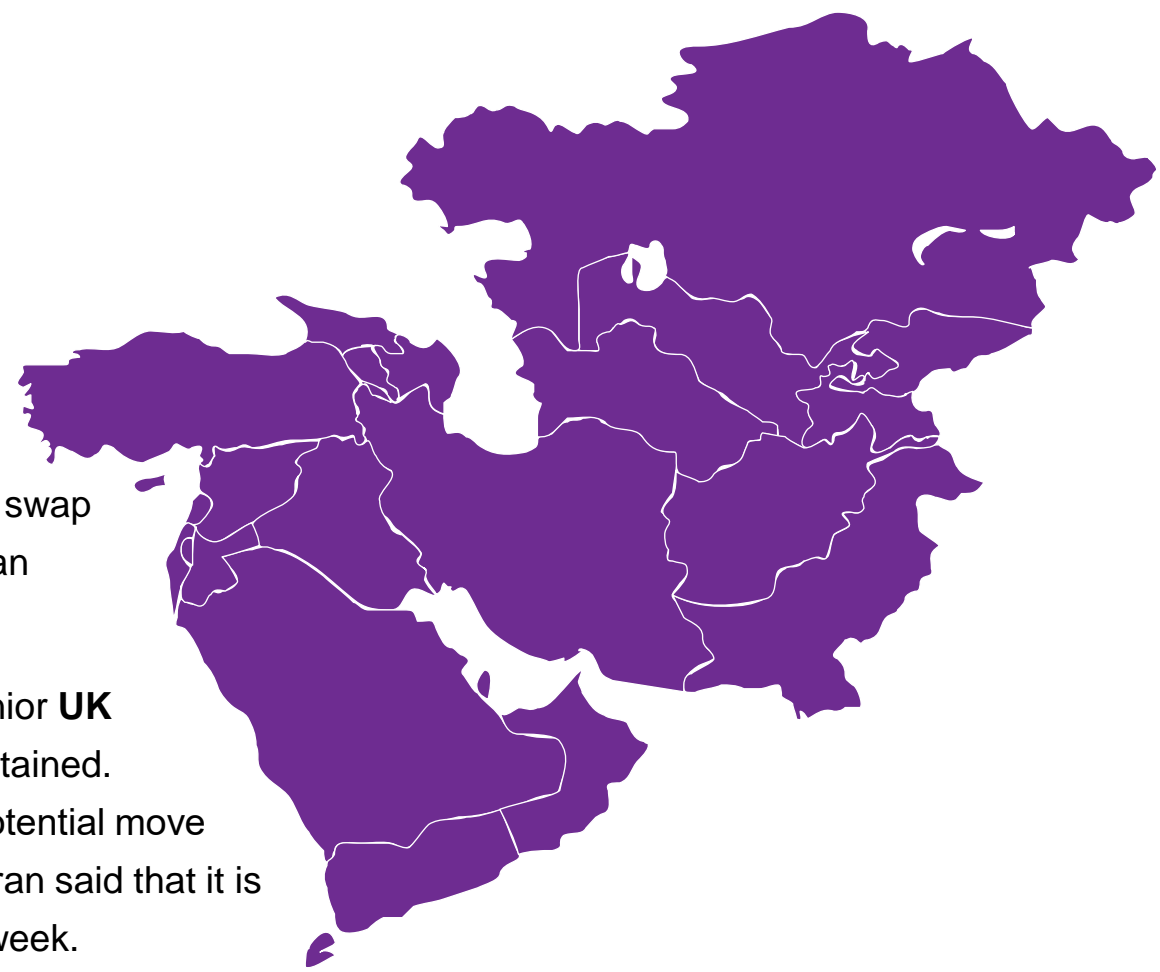
Europe

- **France** will fully nationalize power utility EDF, in a move that will give the government more control over a restructuring of the debt-laden group while contending with a European energy crisis. EDF, in which the state already owns 84 percent, is one of Europe's biggest utilities.
- After more than 50 members of the government have quit over the past 48 hours in protest over **UK** Prime Minister Johnson's leadership, Johnson tendered his resignation today. British defense minister Ben Wallace is the favorite among Conservative party members to be the next party leader
- **Latvia** will reintroduce compulsory military service amid growing tensions with neighboring **Russia** and the war in **Ukraine**. The Baltic country currently has only 7,500 active soldiers and national guardsmen, supported by 1,500 NATO troops.
- The **British** government has written to the Scottish government, formally denying a request from Edinburgh to hold a new independence referendum.



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Middle East



- **Lebanon** said that it plans to begin repatriating **Syrian** refugees within months, citing financial concerns amid an economic crisis of its own.
- **Belgium's** legislature gave initial clearance to a controversial prisoner swap deal with **Iran**, which would free a Belgian aid worker in exchange for an Iranian convicted of planning to bomb an exiled opposition group.
- **Iran** announced that it had detained several foreigners, including a senior **UK** diplomat, for alleged spying; the UK said that no diplomat had been detained. The **US** announced new sanctions on Iran's petrochemical sector, a potential move to seek more leverage in floundering JCPOA talks. Earlier in the day, Iran said that it is still seeking a nuclear deal even in the wake of failed **Qatar** talks last week.
- A **Tunisian** judge ordered a freeze on the assets of several former opposition lawmakers and issued a summons to the former speaker of the house regarding money laundering allegations; the opposition says that the charges are politically motivated, and President Saied has indeed previously taken the unusual move of using military courts for civilian matters.

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Americas

- New polls show **Brazilian** former president and current candidate Lula maintaining a strong lead over current President Bolsonaro in fall elections.
- An **Argentine** judge sentenced 19 former military officers to prison for crimes against humanity committed during the country's brutal military dictatorship in the 1970s and 1980s.
- **Argentina's** new economy chief, Silvina Batakis, told IMF officials that she supports the objectives of a \$44 billion International Monetary Fund program and will work constructively with the global lender, attempting to instill confidence following her abrupt appointment.
- Electoral campaigns to approve or reject **Chile's** proposed new constitution officially began, despite the fact that public support for the effort has continually declined.



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Americas: US

- US job openings fell less than expected in May, pointing to a still **tight labor market** that could keep the Federal Reserve on an aggressive monetary policy path as it battles high inflation.
- Federal Reserve officials agreed at their meeting last month they would have to raise **interest rates** faster and to levels high enough to slow economic growth because of the worsening inflation picture, with several officials have indicated since then that they are prepared to support another such increase at their meeting later this month.
- An unusual spate of lightning has ignited more than 50 new **wildfires** in Alaska, worsening air quality, spurring communities to prepare to evacuate and exacerbating an already historic fire season in the state that have burned more than 2.4 million acres across the interior this year.
- A federal operation led to the arrest of 1,500 fugitives, suspected sex offenders and gang members in 10 large US cities, an initiative that is part of a Justice Department effort to confront **surging rates of violent crime**.



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Russian APT Preys on Human, Software Vulnerabilities

By Emilio Iasiello, Global Cyber Threat Intelligence Manager, Scott Muir, Senior Analyst, and Courtney Barnard, Global Cyber Threat Intelligence Coordinator

Organizations of strategic interest to the Russian government in Ukraine have been targeted by several new phishing campaigns that use malware to facilitate espionage and data theft from targets. The Ukrainian Computer Emergency Response Team (CERT-UA) released two recent alerts warning that one of Moscow's most capable hacker groups, APT 28, is using social engineering tactics to exploit the fears of human targets and vulnerabilities in various software.

The threat thus far is primarily to Ukrainian entities, but if it proves effective organizations across the West and beyond that are at odds with the Kremlin could soon become targets. Robust patching schedules to remediate targeted vulnerabilities are crucial.

What is the Ploy?

Threat actors began the most recent campaign by distributing phishing emails using a malicious document titled 'Nuclear Terrorism A Very Real Threat.rtf', which preys on the concerns of Ukrainians about an impending tactical nuclear strike on their country. Once the target is socially-engineered into opening the

document, the threat actors leverage a vulnerability in Microsoft's Diagnostic Tool dubbed 'Follina' by researchers to download malware, known as CredoMap, a previously unseen password-stealing malware trojan.

The 'Follina' vulnerability is easy to exploit, requiring only that the end user open a malicious document on a vulnerable machine, or if the document is a .rtf file, viewing the document in the Windows preview pane. CredoMap has been observed stealing information stored in web browsers – such as Chrome, Edge, and Firefox – with a particular interest in account information, including credentials. It is likely that harvested passwords will be used in subsequent attacks.

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Russian APT Preys on Human, Software Vulnerabilities

Dual Threats

A simultaneous campaign is also leveraging the Follina vulnerability, according to a separate CERT-UA warning. Similarly, victims receive a DOCX file with a title that commands their attention about a worrisome issue. One such fraudulent file recently observed by researchers was titled 'Imposition of penalties.docx', which took advantage of the fears of Ukrainian citizens who have not paid their taxes since the war broke out in February.

After it was opened, the dangerous document fetched a remote payload, Cobalt Strike, which is a legitimate penetration testing tool, often misused by threat actors for malicious purposes. Once downloaded onto the device, threat actors can conduct a variety of malicious activities, including the detection and exfiltration of valuable information from the host network. The ease with which the 'Follina' vulnerability in Microsoft's Diagnostic Tool can be exploited on vulnerable machines, or those without security updates, means that attackers can download Cobalt Strike on victim devices with minimal interaction from the end user.

Who is Behind the Attacks?

Cybersecurity professionals, including CERT-UA, believe that APT 28 – a threat group which operates from within the Russian military - is responsible for this campaign. Their analysis is based on key indicators, such as similarities among the titles of malicious documents that were circulated by the group in May. APT 28 (aka Sofancy, Fancy Bear) is a notorious Russian threat actor behind a plethora of well-known attacks, in operation since at least 2007. It has targeted Ukraine since the start of the war, and specializes in espionage and data collection activities. Researchers have previously linked APT 28 to high-profile doxing efforts and the exploitation of the US Democratic National Committee ahead of the 2016 US presidential elections.

Going Forward

As the war enters its fifth month, Russian-backed APT groups will continue to evolve and innovate tactics, techniques and procedures for compromising targets of strategic value to the Kremlin inside and outside Ukraine, for both intelligence-gathering and disruptive

Russian APT Preys on Human, Software Vulnerabilities

purposes. This is evidenced by the timely use of the Follina vulnerability by APT 28, which was only recently identified, and the use of niche malware capable of evading several anti-virus solutions. Ukrainian organizations and their supporters that are of interest as targets to APT 28 are reminded to maintain robust patching schedules to remediate vulnerabilities such as Follina, and to exercise extreme caution when opening files from external sources.

Dentons offers business leaders a full complement of counseling and advice for cyber risk management and also offers regulatory and litigation services. Analysis and intelligence products from Dentons can help to better understand fast-changing complex operating environments and, importantly, all interaction is attorney-client privileged. To learn more about the bespoke cyber intelligence and risk services from Dentons please contact us today.

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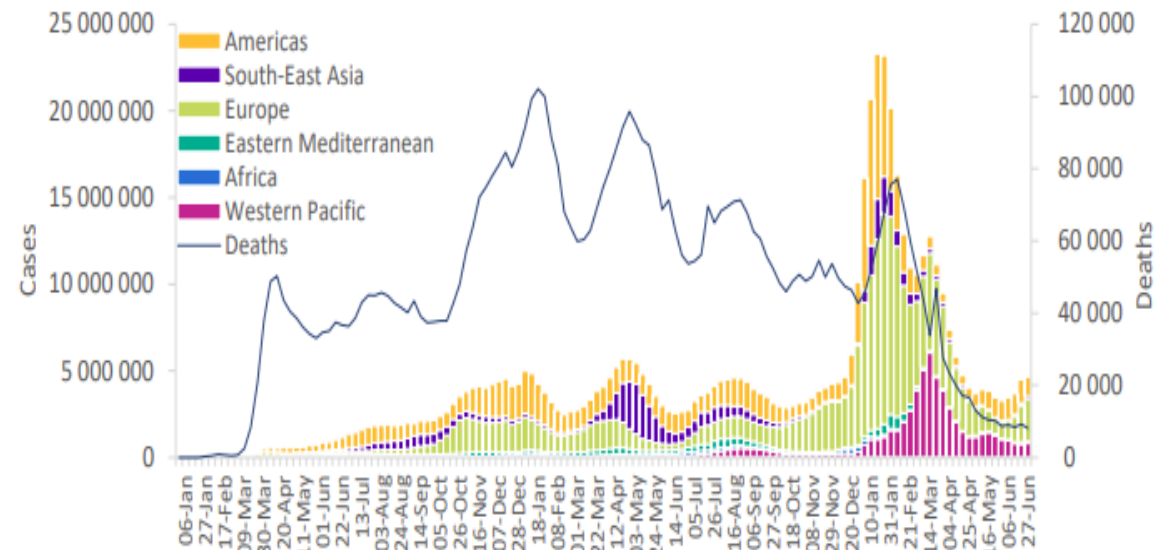
Coronavirus Condition Updates

As of 6:19 pm CEST on July 6, 2022

Coronavirus Snapshot

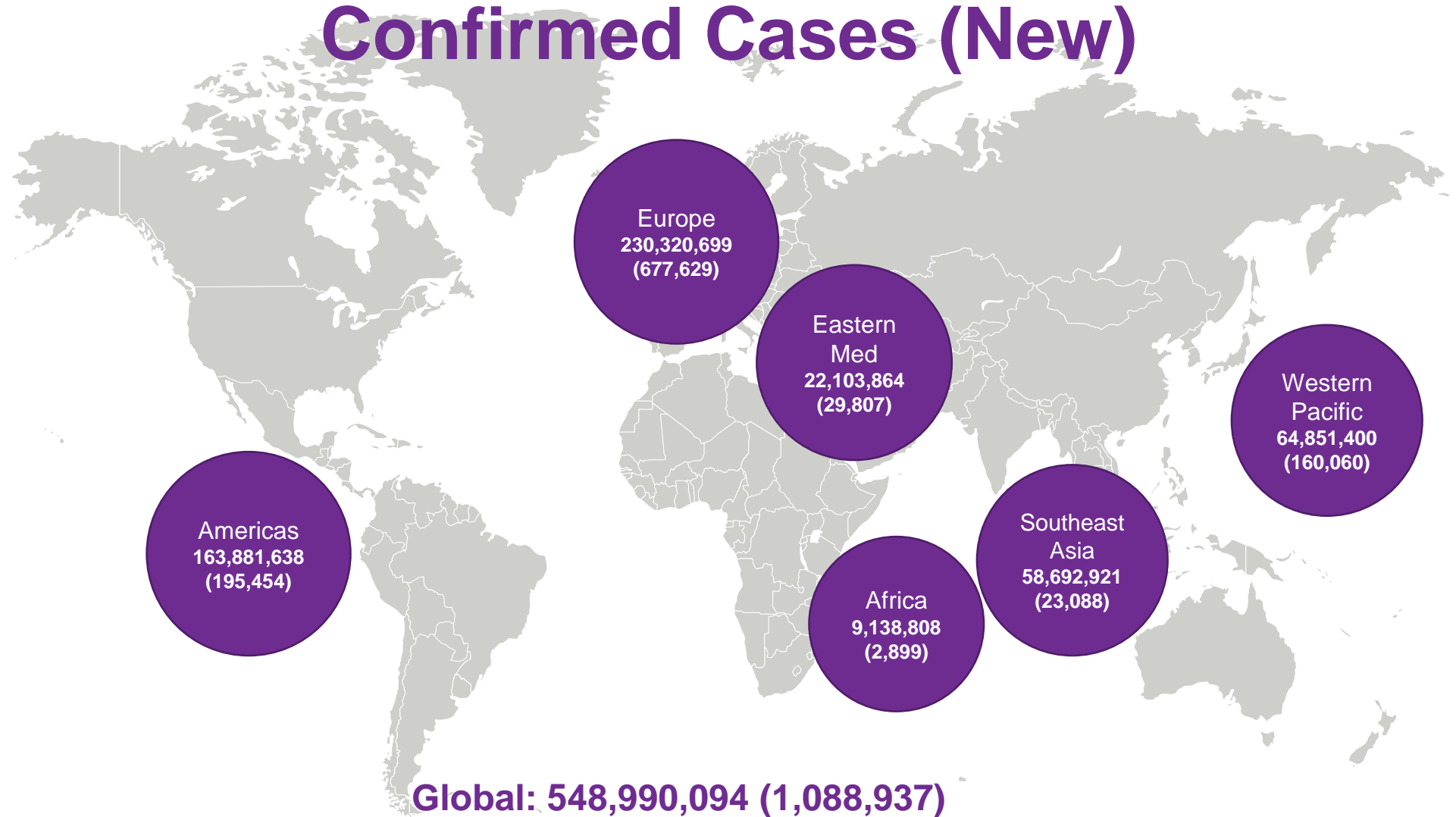
- Globally, confirmed coronavirus cases topped 548.9 million with 6.3 million deaths; more than 11.9 billion vaccine doses have been administered.
- Globally, the number of new weekly cases increased for the fourth consecutive week after a declining trend since the last peak in March 2022. During the week of 27 June to 3 July 2022, over 4.6 million cases were reported, a figure similar to that of the previous week.
- The number of new weekly deaths declined by 12 percent as compared to the previous week, with over 8100 fatalities reported.

Figure 1. COVID-19 cases reported weekly by WHO Region, and global deaths, as of 3 July 2022**



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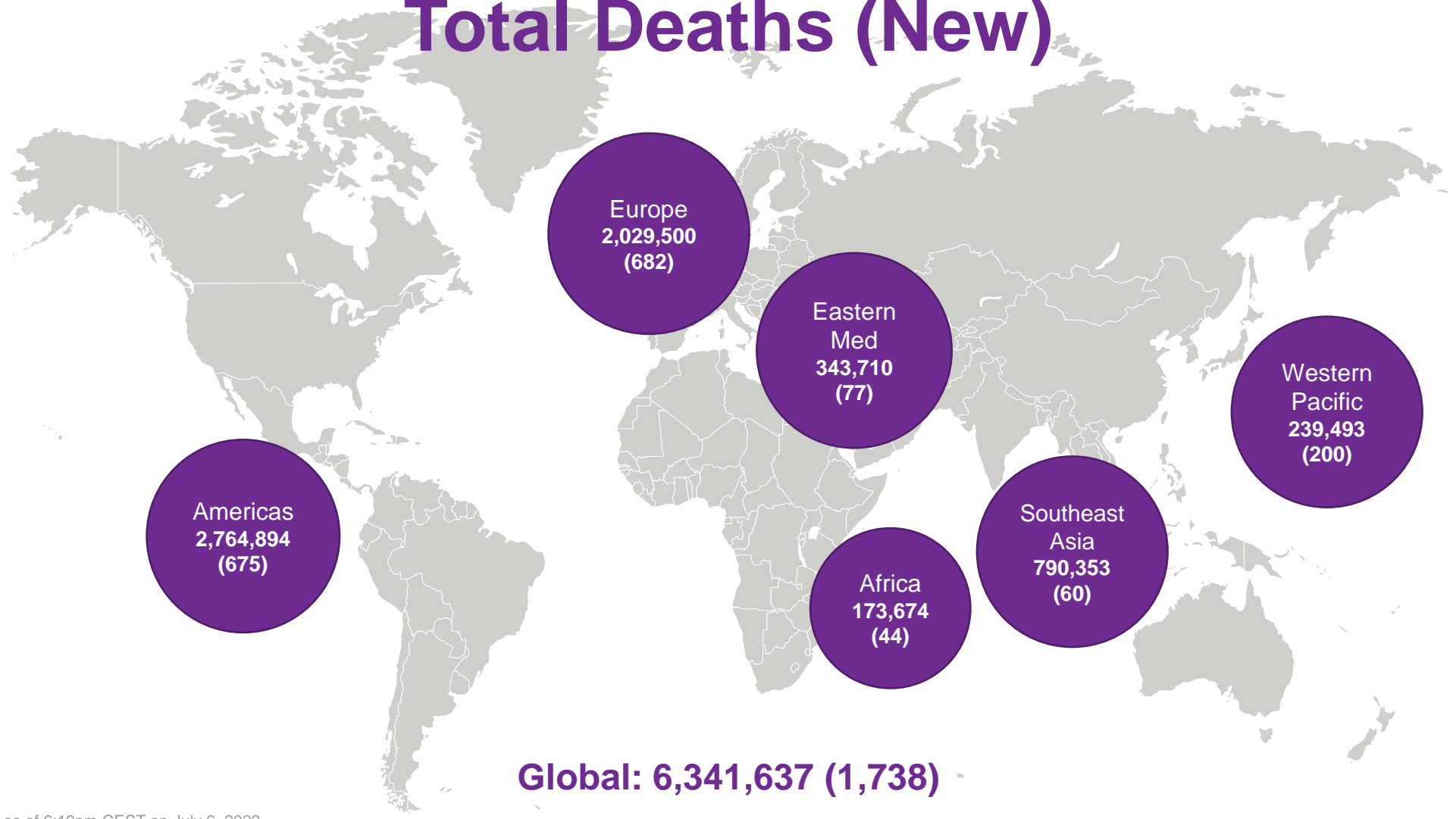
Confirmed Cases (New)



Reflects data as of 6:19pm CEST on July 6, 2022.
Data Source: World Health Organization

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Total Deaths (New)



Reflects data as of 6:19pm CEST on July 6, 2022.
Data Source: World Health Organization

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Contacts

This summary is based on reports sourced from among the 75 countries in which Dentons currently serves clients as well as from firms in other locations, some of which will formally join Dentons later in 2020. We are pleased to share this complimentary summary and contemporaneous assessment, with the caveat that developments are changing rapidly. This is not legal advice, and you should not act or refrain from acting based solely on its contents. We urge you to consult with counsel regarding your particular circumstances.

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